

Article - Tax - General

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§10–716.

(a) (1) In this section the following words have the meanings indicated.

(2) “Federal child and dependent care credit” means the child and dependent care credit properly claimed by an individual for the taxable year under § 21 of the Internal Revenue Code.

(3) “Qualifying individual” means a qualifying individual within the meaning of § 21(b) of the Internal Revenue Code.

(b) An individual or a married couple filing a joint income tax return may claim a credit against the State income tax as provided in this section for expenses paid by the individual or married couple during a taxable year for the care of a qualifying individual if the federal adjusted gross income of the individual or married couple for the taxable year does not exceed:

(1) \$92,000, in the case of an individual; or

(2) \$143,000, in the case of a married couple filing a joint income tax return.

(c) Subject to subsection (d) of this section and except as provided in subsection (e) of this section, the credit allowed under subsection (b) of this section equals the lesser of:

(1) 32% of the federal child and dependent care credit; or

(2) the State income tax for the taxable year.

(d) (1) If an individual’s federal adjusted gross income for the taxable year exceeds \$30,000, the credit otherwise allowed under this section shall be reduced by 1% for each \$2,000 or fraction of \$2,000 by which the individual’s federal adjusted gross income exceeds \$30,000.

(2) In the case of a married couple filing a joint income tax return, if the individual’s federal adjusted gross income for the taxable year exceeds \$50,000, the credit otherwise allowed under this section shall be reduced by 1% for each \$3,000 or fraction of \$3,000 by which the individual’s federal adjusted gross income exceeds \$50,000.

(e) If the credit allowed under this section in any taxable year exceeds the State income tax for that taxable year, the individual or married couple may claim a refund in the amount of the excess if the individual's or married couple's federal adjusted gross income does not exceed:

(1) \$50,000 in the case of an individual; or

(2) \$75,000 in the case of a married couple filing a joint income tax return.

(f) (1) For each taxable year beginning after December 31, 2019, the maximum income thresholds under subsection (b) of this section and the maximum income thresholds under subsection (e) of this section shall be increased by an amount equal to the product of the maximum income thresholds and the cost-of-living adjustment specified in this subsection.

(2) For purposes of this subsection, the cost-of-living adjustment is the cost-of-living adjustment within the meaning of § 1(f)(3) of the Internal Revenue Code for the calendar year in which a taxable year begins, as determined by the Comptroller, by substituting "calendar year 2018" for "calendar year 2016" in § 1(f)(3)(A) of the Internal Revenue Code.

(3) If any increase determined under paragraph (1) of this subsection is not a multiple of \$50, the increase shall be rounded down to the next lowest multiple of \$50.

(g) The credit allowed under this section does not affect the treatment under this title of any deduction or exclusion allowed under this title or allowed for federal income tax purposes for expenses paid by the individual for the care of a qualifying individual.

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